Strategic Collaboration:

Exploring OpenView Venture Partners' Sales and Marketing Support

A few years ago, VersionOne recognized the need to expand its sales and marketing organizations to take performance to the next level. The enterprise software company was expanding, but it lacked some of the resources and practices necessary to more effectively grow the business. A collaborative relationship with OpenView Venture Partners helped solve those problems in a fraction of the time and VersionOne is better positioned to move forward.

Denise Grey had seen it all before. As a marketing executive for varying sizes of high tech and software businesses, she had worked with venture capital firms that typically took one of two approaches. They were either a little too hands on, dictating a company's vision and approach for them, or they were too hands off, investing capital with minimal support to buoy their investment.

So when Grey was hired in 2007 as Vice President of Marketing at VersionOne, an expansion stage enterprise software company, she was sure she knew what to expect when she learned that the company had recently brought on OpenView Venture Partners as an investor.

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Richard Fuller,
VP of Sales, VersionOne

"My preconceived notion had nothing to do with OpenView," Grey says. "I knew very little about OpenView. But I knew venture capital firms. I had worked with them in the past and it was usually more frustrating than productive."

That wasn't the kind of relationship that she and Richard Fuller, VersionOne's VP of Sales, needed at the time. Grey was filtering through thousands of leads per quarter to find the highest quality leads that could then be handed off to Fuller's sales team. Fuller, meanwhile, was faced with growing his sales team at a rate appropriate to VersionOne's lead and sales capacity.

"We had a lot of work on our plate, so we didn't want to be distracted with initiatives or plans that weren't going to move us forward," Grey admits. "In my past experience, that was the sort of influence that a lot of VC firms had on the business."

But it didn't take long for Grey to change her mind. Soon after she started at VersionOne, she discovered that OpenView's preference was to collaborate rather than dictate. The firm listened to the issues that she and Fuller brought to the table and worked closely with them to develop actionable and repeatable initiatives to help resolve them.

"My experience in the past was similar to Denise's, that venture capital firms were just that; investors eager to get a return and little interest in really understanding you and your business," says Fuller. "With a lot of VC firms, there might be some very high level and long term direction, but little if any collaboration to help resolve near term issues. OpenView was the opposite. They are always looking for ways to help us; whether it is for this month, next quarter or next year. When we work with them on a project it's like have an extended team joining in, they understand us and our business, there's no wasted time bringing them up to speed, they're there."

Identifying the Quality Leads

Having a large quantity of leads and a large quantity of quality leads are two different things. The Lead Scoring Optimization Project that OpenView developed with VersionOne helped with the latter. Leveraging the abundant data stored in the company's marketing platform, the team analyzed the current lead scoring model to gauge its effectiveness in determining which leads were more likely to turn in to sales opportunities.

Tien Anh Nguyen,
Associate,
OpenView Venture Partners

The project resulted in Grey and the marketing team delivering higher quality leads to the sales teams and it helped Grey determine which of her marketing initiatives were the most effective in driving qualified leads. "The analysis helped us further refine our scoring model which helps us identify which leads are worthy of our sales team's time and which leads we should nurture for the future" Grey says. "Anything marketing can do to help drive efficiency saves valuable sales time and resources."

The same could be said for the software trial process that OpenView helped improve. VersionOne provides a 30-day software trial to prospects in order for them to try their software. However the company didn't have a post trial survey in place to gain the insight and feedback needed to improve a prospect's trial experience.

That changed when OpenView Associate Tien Anh Nguyen worked with Grey's marketing team to craft and distribute a survey to VersionOne's prospects which helped them understand their motivations and behaviors. OpenView even put its own secret shoppers in place, simulating a prospect, interacting with VersionOne, and ultimately providing feedback on their own experience.

With that data, Grey has a better grasp on the trial experience from the prospect's perspective. "Prospects want an easy, 'low touch' way to learn more about our product," Grey said. "If we're able to get them to engage with our software by making it easy to learn and use during the trial period, a relationship is going to be formed and our sales team is much more likely to move a prospect into a sales opportunity and VersionOne customer."

Refining the Pipeline

The key with helping any of OpenView's expansion stage portfolio companies, says OpenView Associate Tien Anh Nguyen, is for the firm to truly understand where those companies are now and where they could be in the future.

The initiatives and projects that OpenView puts in place are rarely designed to fix a very specific, one-time problem. They may end up doing that, but the goal is to put a system in place that's repeatable and ultimately improves the long term health of the company.

"Our approach isn't to move in, take over, and try to fix everything at once," says Nguyen. "You have to build a relationship so that there's a trust established. So we start at the beginning, at the root of the problem, and work on some little things first. When you're trying to help a company with its sales and marketing efforts, you can't skip steps. So we'll do the proper analysis and data collection to find out where the starting line should be. And then we can go from there."

For VersionOne, that meant setting up systems, charts, dashboards, and other tools that would help the company better understand how well it was performing. Much of that foundational work was done prior to Grey and Fuller coming aboard in 2007. When they arrived, Nguyen and the OpenView's Labs team were ready to take on more substantial initiatives.

VersionOne identified the need to improve their pipeline management. The software company was receiving a huge amount of leads every month, however Grey and Fuller wanted to make sure only quality leads were being handed off to Fuller and his sales team. In 2007, VersionOne's sales team numbered less than

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Denise Grey,
VP of Marketing, VersionOne

10 people and it couldn't afford to swing-and-miss very often.

"At that stage, a company can't waste its time chasing leads that have very little likelihood of turning into sales," says OpenView Senior Associate Igor Altman. "It's not efficient. We worked with them to analyze their existing lead scoring model so that when 'sales ready' leads got in the sales team's hands, their close rate would be much higher."

OpenView Labs and VersionOne worked together to develop the Lead Scoring Optimization Project (see sidebar: Identifying the Quality Leads). Grey says it helped VersionOne analyze the effectiveness of its lead scoring model, gaining a better understanding of which prospects were more likely to turn into a sales opportunity. The Lead Scoring Optimization Project didn't cut down the number of leads VersionOne was driving -- that wasn't the goal, Nguyen says. But it did allow Grey to better identify the higher quality leads to hand off to the sales team.

"The project also helped us figure out which marketing programs to nuke and which programs to invest more in, or replicate," Grey says. "We had a lead scoring model in place for six months to help us identify qualified leads from the 15,000 leads we were driving a quarter. Our marketing automation platform captures every interaction with a prospect, so you can imagine how much data we'd collected. We just didn't have the resources to analyze the volume of data to determine how our model was performing and what we could do to improve it. The Lead Scoring Optimization Project helped us do that."

Closing the Deal

Of course, quality leads are worthless without a sales team to turn them into revenue.

And that's where OpenView is unique. "Some venture capital firms might have expertise in one or two areas and that's it," suggests Fuller. "We needed to be able to optimize our sales team and be more effective in taking advantage of these leads. OpenView does that. They don't just solve one problem, walk away and wait. "

In VersionOne's case, it meant building something we called the Sales Capacity Model (see sidebar: Operating at Optimal Capacity), which was designed to

better understand the productivity and capacity of the company's sales team and how that related to marketing lead volume and needs.

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Igor Altman,
Senior Associate, OpenView Venture Partners

"The Sales Capacity Model let us look at our sales reps historical performance and what trends were there that we could use in predicting what would happen if we added one or two or four more team members," Fuller says. "When you're at an expansion stage, you don't want to grow too quickly or too slowly. If the leads aren't there to support the team, there's huge inefficiency there. But if you can figure out that if you add X number of sales members to reach the revenue and quota numbers you want to hit, it makes it more of a predictable science."

Even better, Altman says that the Sales Capacity Model could be tied in with the Lead Scoring Optimization Project. That way, Fuller and Grey could collaborate to figure out how many more leads would be needed to support additions to the sales team.

"It's similar to the approach we take with a lot of different initiatives," Altman says. "The idea is to understand that if you have X goal, how do we get there? And, for us, that doesn't mean looking at it from just one angle. Our initiatives aren't standalone pieces. We want to understand all of the obstacles that stand in the way of reaching a goal. That may spread across several departments and require a few different pieces to the puzzle. But I think that looking at the problem collectively lets you resolve it without setting up more roadblocks down the line."

Collaboration at Its Core

Both Grey and Fuller agree that OpenView has and continues to help improve and streamline the operations of VersionOne. The company's revenue has grown and a recent program it executed with OpenView has helped VersionOne improve its software trial program. That initiative has in turn allowed VersionOne to convert more interested prospects into actual customers and users.

In fact, Grey likens the help OpenView provided to having an extra set of limbs. "When I arrived, our team was really small, so there were a ton of things we wanted to do but we didn't have the capacity to do them," Grey says. "OpenView gave us more arms and legs. They provided the experienced resources we needed to launch new initiatives, giving me time to focus on recruiting the best talent to scale our team."

That's the goal, says OpenView Principal Brian Zimmerman. The firm exists as a partner rather than a crutch for its portfolio companies.

"Our goal is to help build great companies, not run the companies for them," Zimmerman says. "It's very much a collaborative approach. We could go in there and build their sales force infrastructure and do everything for them, but what good does that do? If they're not able to manage it on their own with people, process and systems, the result is that two days later everything wanes."

"I think it's a little bit like a coach trying to get you to run an 11 second 100-meter dash," Fuller explains. "They work with you, give you the tools you need, and help you get to the race. But they can't run the race for you. Once you get to 11 seconds they do it all over with you to help you get to 10 seconds."

Operating at Optimal Capacity

Michael Funk remembers when the sales model at VersionOne was a renaissance model – each rep does everything in their assigned territory. Now the Director of Corporate Sales, Funk came to the software company in 2008 as its Sales Operations Manager. At the time, its sales staff was organized into geographic territories, but the segmentation and specialization stopped there. "Before, a sales rep could easily be working with Joe's Garage and IBM," Funk says. "You might have a senior rep working on renewals when our product already had a very high renewal rate. We realized there was some inefficiency there and we started to look at ways to make it better."

Michael Funk
Director of Corporate Sales,
VersionOne

The solution came from the Sales Capacity Model developed by OpenView Venture Partners. The concept for the initiative was to analyze VersionOne's historical sales performance, determine its capacities, and recommend optimal scenarios to improve efficiency and revenue.

"The intent, among other things, was to determine whether we were understaffed or overstaffed and which knobs and dials we could turn to tell us where we should be," VersionOne VP of Sales Richard Fuller says. "OpenView did a deep dive into our data to determine how many sales opportunities each rep had and the number of leads being generated on the marketing side. From there, they created a mechanism for us to determine our sales capacity from both sides."

Looking at it from multiple angles was the difference maker, Fuller says. "You want to look at your sales capacity not only from a bookings and revenue standpoint, but from the marketing end as well," he explains. "In other words, if we turn up or down the number of leads, what does that do to our sales capacity."

The data provided Fuller with a very thorough answer. He's now able to determine the variables that need to be in place to support a new sales person, and the Sales Capacity Model has ultimately led to much deeper segmenting and specializing among that sales team, which is now four different teams.

"When you think about it, it doesn't make sense for your most valued sales reps to be working with renewals, you'd much rather have them talking to the Fortune 500 companies," Fuller says. "OpenView really helped us formulate a plan that would give us answers to a lot of the sales questions we had as a company. And they did it in a fraction of the time it would have taken us if we did it on our own."

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